## MINUTES OF MEETING BOARD OF DIRECTORS REGULAR MEETING BUDGET WORKSHOP #5 THE WOODLANDS TOWNSHIP AUGUST 26, 2009

## THE STATE OF TEXAS § COUNTIES OF HARRIS & MONTGOMERY §

The Board of Directors of The Woodlands Township, met in regular session, open to the public, on August 26, 2009, posted to begin at 9:00 a.m. The meeting was held in the Meeting Room at the Township's Office, 10001 Woodloch Forest Dr., Suite 600, The Woodlands, Texas, within the boundaries of the Township. The roll was called of the duly elected and appointed members of the Board of Directors, to wit:

Nelda Luce Blair Chairman
Lloyd W. Matthews Vice-Chairman
Bruce Tough Vice-Chairman

Vicki D. Richmond Treasurer/Assistant Secretary

Alex Sutton III Secretary
Thomas Campbell Director
Kemba DeGroot Director
Peggy S. Hausman Director
Claude Hunter Director
Robert C. Kinnear Director
Edmund W. Robb III Director

with all of said persons being present, excluding Director Robb,\* thus constituting a

## \*Indicates arrived late

quorum. Also present for conducting business and assisting Board members were Don Norrell, Nick Wolda, Steve Sumner, Anjanette Sauers, Mike Page, Renee Williford, and Kristin Freeman.

Chairman Blair then called the meeting to order at 9:00 a.m. She announced that a quorum was present and that sufficient notice of this meeting had been duly posted as required by law. Chairman Blair then requested a motion to adopt the regular and supplemental agendas. Director Hunter moved to adopt the agendas. The motion was seconded by Director Kinnear and passed unanimously.

Next, Chairman Blair recognized public officials attending the meeting. The following public officials were recognized:

- Rick Jakovac-WAC Board
- Paul Martin-MUD #67
- Ted Stanley-TWA Board
- Joel Deretchin-President of TWA and WCOA
- Anthony Fasone-WCA Board

A copy of the Public Official's Sign In Sheet is attached hereto as Exhibit "A".

Chairman Blair then called on names from the Public Comment Roster. The following individuals addressed the Board:

- Karen Hoylman and Stephanie Johns-South Montgomery County Woodlands Chamber of Commerce (Resolution Thanking Our Dedicated Legislators)
- Anthony Fasone-Budget process
- Bill Bonito-General comments

A copy of the Public Comment Roster is attached hereto as Exhibit "B". A Resolution Thanking Our Dedicated Legislators, presented by the South Montgomery County Woodlands Chamber of Commerce, is attached hereto as Exhibit "C".

The Board was then asked to consider and act upon approval of the minutes of the July 22, 2009 regular meeting and the July 29, 2009 special meeting of the Board of Directors for The Woodlands Township. Director Hunter moved to approve the minutes. The motion was seconded by Director Kinnear and passed unanimously. Copies of the July 22, 2009 regular meeting minutes and the July 29, 2009 special meeting minutes are attached hereto as Exhibits "D" and "E", respectively.

Chairman Blair next asked the Board to receive and act upon the Financial Report as of and for the seven months ended July 31, 2009. The Chair called on Anjanette Sauers, Financial Services Manager for The Woodlands Township, to present this item. Ms. Sauers referred the Board to the Financial Statements in their meeting books. Following Ms. Sauers' presentation, Vice-Chairman Matthews asked if information on the Township's budget was available online. Ms. Sauers stated that the full Financial Report is updated every month and can be found in the Executive Committee meeting book which is available on the Township's Web site at <a href="https://www.thewoodlandstownship-tx.gov">www.thewoodlandstownship-tx.gov</a>. Chairman Blair then called for a motion and second to accept the financial report. Secretary Sutton moved to accept the Financial Report as presented. The motion was seconded by Vice-Chairman Matthews and passed unanimously. A copy of the Financial Report as of and for the seven months ended July 31, 2009 is attached hereto as Exhibit "F".

Next, Chairman Blair asked Board members to receive and consider a report from the Community Associations of The Woodlands. John Powers, Co-Interim General Manager of The Woodlands Community Associations, was called on to present this item. Mr. Powers referred the Board to a red folder containing the monthly reports. Due to the

lengthy agenda Mr. Powers did not make a formal presentation; however, Board members were asked to contact Mr. Powers or Chief Benson if they had any questions related to any of the reports. The Community Associations' reports, for the month of July 2009, are attached hereto collectively as Exhibit "G". No action was necessary on this item.

Chairman Blair then asked the Board to consider and discuss the proposed 2010 Operating Budget for The Woodlands Township. Don Norrell, President for The Woodlands Township, was called on to present this item. Mr. Norrell reviewed 2010 budget adjustments which stemmed from Board directives given to staff at the budget workshop on August 19, 2009. Mr. Norrell provided a handout packet to the Board and then discussed the following issues:

- Increase law enforcement funding by \$1.5 million and maintain the 32.8 cent tax rate
- Develop funding criteria for outside organizations
- Develop a funding plan to accelerate the construction and staffing of the Indian Springs Fire Station

Mr. Norrell also reviewed staff recommendations. Following Mr. Norrell's presentation, the Board was then given an opportunity to discuss the budget adjustments and staff recommendations. **Director Robb arrived at this point in the meeting.** A copy of the handout packet is attached hereto as Exhibit "H". No action was needed on this item.

Next, Chairman Blair asked the Board to consider and act upon adopting guidelines for operating, capital and economic development reserves. Don Norrell was called on to present this item. Mr. Norrell provided background information on this item and outlined the specific guidelines as referenced in a resolution. Following Mr. Norrell's presentation, Board discussion occurred. Vice-Chairman Matthews then moved to adopt a Resolution

Establishing Guidelines for Operating, Capital, and Economic Development Reserves. The motion was seconded by Vice-Chairman Tough and passed with Directors Blair, DeGroot, Hunter, Kinnear, Matthews, Richmond, Robb, Sutton, and Tough voting "yes" and Directors Campbell and Hausman voting "no". A copy of the Executive Summary is attached hereto as Exhibit "I". A Resolution Establishing Guidelines for Operating, Capital, and Economic Development Reserves is attached hereto as Exhibit "I".

The Board was then asked to consider and act upon adoption of the 2010 Operating Budget for The Woodlands Township. Chairman Blair called on Don Norrell to present this item. Mr. Norrell referred the Board to the handout packet regarding 2010 Budget Adjustments that was presented earlier. Mr. Norrell explained that the Proposed 2010 Budget, as amended by Attachment #1, was included in Attachments #2 and #3. The Board was also informed that any amendments to the Proposed 2010 Budget needed to be made to Attachments #2 and #3. Following Mr. Norrell's comments, Director Kinnear moved to approve Attachments #2 and #3 and consider additional amendments to the Budget from these documents. Secretary Sutton seconded the motion. Chairman Blair then invited Board members to discuss and offer amendments to the above motion.

Vice-Chairman Matthews moved to amend Director Kinnear's motion by calling for an increase in law enforcement funding from \$54,000 to \$100,000 each for the City of Oak Ridge North and the City of Shenandoah. The amended motion was seconded by Secretary Sutton. Discussion followed. The amendment was accepted by Director Kinnear and Secretary Sutton. No vote was necessary on the accepted amendment.

Next, Vice-Chairman Matthews asked to hear Mr. Norrell's proposal on funding a

plan to accelerate the construction and staffing of the Indian Springs Fire Station. Mr.

Norrell referred the Board to page four of the handout packet presented earlier. The Board

received a review of the staff's recommendation on this project with the understanding that

the November 3, 2009 bond referendum must first be approved by the voters. Chairman

Blair informed the Board that this item was not part of an amendment to the Budget, but

rather a schedule change on the construction and staffing of the Indian Springs Fire Station.

This item will be placed on a future agenda.

Chairman Blair then called on Director Campbell to offer an amendment to Director

Kinnear's original motion. Director Campbell presented a list of revisions to the Proposed

2010 Budget attached hereto as Exhibit "K". Following the review, Director Campbell

moved to amend Director Kinnear's motion by asking for a deferral or a cut, as appropriate,

of his itemized list in the Proposed 2010 Budget. The motion to amend was seconded by

Director Hausman. Director Kinnear did not accept the amendment. A vote was then

taken and the motion to amend failed with Directors Campbell, Hausman, and Hunter

voting "yes" and Directors Blair, DeGroot, Kinnear, Matthews, Richmond, Robb, Sutton,

and Tough voting "no".

Next, Chairman Blair called on Secretary Sutton who, although he did not offer an

amendment, wanted to express his concern on the level of the proposed tax rate. Secretary

Sutton stated that he felt the proposed tax rate was too low and he gave several reasons as

to why he felt this way. Chairman Blair acknowledged Secretary Sutton's concern and

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advised him that a more appropriate place on the agenda would allow him to discuss this matter in more detail.

Director Hausman was next asked if she had any amendments. No amendment was offered, but Director Hausman stated that she felt new pathway and park allocations should be renegotiated and that economic development needed more review. Chairman Blair noted that any contract negotiations would need to be considered as a future Board agenda item. Additionally, Director Hausman spoke in favor of a lower tax rate.

Chairman Blair then called for additional amendments. Treasurer Richmond moved to amend Director Kinnear's original motion by asking staff to find \$100,000 each in law enforcement funds to the City of Oak Ridge North and the City of Shenandoah in operating expenses as opposed to capital reserves. Discussion followed and then Director Campbell seconded the motion to amend. Director Kinnear did not accept this amendment. The Chair then called for a vote. The motion to amend failed with Directors Hausman, Richmond, Campbell, and Sutton voting "yes" and Directors Blair, DeGroot, Kinnear, Matthews, Robb, and Tough voting "no". Director Hunter abstained.

Chairman Blair next asked Director Hunter if he had an amendment to Director Kinnear's original motion. Director Hunter presented a list of revisions to the Proposed 2010 Operating Budget attached hereto as Exhibit "L". Following a review of these items, Director Hunter moved to amend Director Kinnear's original motion by asking that his list of revisions be eliminated from the Proposed 2010 Budget. The motion to amend was seconded by Director Campbell. Discussion followed. Director Kinnear did not accept this amendment. Chairman Blair then called for a vote. The motion to amend failed with

Directors Campbell, Hausman, and Hunter voting "yes" and Directors Blair, DeGroot, Kinnear, Matthews, Richmond, Robb, Sutton, and Tough voting "no".

As there were no further amendments to Director Kinnear's original motion, the Chair called for a vote. The motion called for the adoption of the 2010 Operating Budget for The Woodlands Township with an amendment to fund law enforcement services at a level of \$100,000 each to the City of Shenandoah and the City of Oak Ridge North. Chairman Blair next called for discussion. Directors Campbell and Hunter expressed the need to have more items taken out of the Budget during hard economic times, thus reducing the burden on tax payers. The Chair then called for a vote. The motion, as stated above, passed with Directors Blair, DeGroot, Kinnear, Matthews, Richmond, Robb, Sutton, and Tough voting "yes" and Directors Campbell, Hausman, and Hunter voting "no".

The meeting recessed at 10:55 a.m. for a short break and reconvened at 11:05 a.m. Chairman Blair next asked the Board to consider and act upon adoption of the ad valorem property tax rate for the tax year 2009. Motion to adopt a tax rate of 32 cents was made by Director Hunter and seconded by Director Campbell. The Chair then called for discussion of which there was none. A vote followed and the motion failed with Directors Campbell, Hausman, and Hunter voting "yes" and Directors Blair, DeGroot, Kinnear, Matthews, Richmond, Robb, Sutton, and Tough voting "no".

Chairman Blair then called on Don Norrell to present the item regarding the tax rate. Mr. Norrell referred the Board to a handout of an Order Levying Taxes and stated that if a motion to set the tax rate at 32.8 cents is approved the next step would be to provide this information to J.R. Moore, Montgomery County Tax Assessor-Collector. Billing

statements would then be mailed out to residents of the Township in late September from Mr. Moore's office. Mike Page, legal counsel for the Township, added that the Order, currently before the Board, was in "draft" form. Additionally, Mr. Page noted that the one prerequisite necessary before adopting a tax rate had been met by offering tax abatements to the seven companies who previously were offered tax abatements. This was approved by the Board in late July.

Following Mr. Page's comments, Vice-Chairman Matthews moved to adopt an ad valorem property tax rate of \$0.328 per \$100 valuation and authorize the Chairman of the Board to sign an Order Levying Taxes. The motion was seconded by Treasurer Richmond. Discussion followed with Secretary Sutton stating that he felt the tax rate should be higher based on three factors:

- Tax Assessor-Collector advised a tax rate of \$0.335/\$100
- Selling GO Bonds without previous history collecting taxes
- First tax rate on a consolidated budget

With these comments in mind, Secretary Sutton offered an amendment to Vice-Chairman Matthew's original motion by calling for a tax rate of 33.8 cents per \$100 valuation. The motion to amend was seconded by Director DeGroot. Discussion followed and then Mike Page and Drew Masterson, the Township's financial advisor on bonds, addressed concerns from Board members regarding bonding matters. The amended motion was not accepted by Vice-Chairman Matthews. Chairman Blair then called for a vote. The amended motion failed with Directors Blair, DeGroot, Kinnear, Sutton, and Robb voting "yes" and Directors Campbell, Hausman, Hunter, Matthews, Richmond, and Tough voting "no".

Chairman Blair returned to Vice-Chairman Matthews' original motion to adopt an ad valorem property tax rate for the tax year 2009 at a rate of \$0.328 per \$100 valuation and authorize the Chairman to sign an Order Levying Taxes. The Chair called for a vote and the motion passed with Directors Blair, DeGroot, Kinnear, Matthews, Richmond, Robb, and Sutton voting "yes" and Directors Campbell, Hausman, and Hunter voting "no". An Order Levying Taxes and Certificate for Order are attached hereto collectively as Exhibit "M".

Next, Chairman Blair asked the Board to consider and act upon a report from resident Steve Leakey regarding the Board Interface Project. Mr. Leakey noted that an integral part of the transition process included establishing a linkage between the Township Board and Senior Staff and the Village Associations in The Woodlands. With that in mind, Mr. Leakey used a short PowerPoint presentation and outlined a proposed communication program between The Woodlands Township's Board of Directors and the Village Associations. Following the presentation, Chairman Blair commended Mr. Leakey for his work as project leader. Director Hunter then moved to implement the guideline for communications between The Woodlands Township and the Village Associations effective January 1, 2010. The motion was seconded by Director Kinnear. Discussion followed. Director Hausman asked if there would be quorum or posting problems associated with Directors attending outside meetings. Chairman Blair indicated that the Township's legal counsel will need to address this concern. The Chair then called for a vote and the motion passed unanimously. Copies of the Executive Summary and Mr. Leakey's report are attached collectively hereto as Exhibit "N".

The Board was then asked to consider and act upon extending the existing contract with The Goodman Corporation for transportation consulting services from August 1, 2009 through December 31, 2009. Chairman Blair called on Steve Sumner, Vice President of Operations & Public Safety for The Woodlands Township, to present this item. Mr. Sumner informed the Board that the contract with The Goodman Corporation ended July 31, 2009 and that there were enough funds in the 2009 budget under Operations Consulting to extend the service contract through the end of 2009. Following Mr. Sumner's presentation, Secretary Sutton moved to extend the existing contract with The Goodman Corporation for transportation consulting services from August 1, 2009 through December 31, 2009 for an amount not-to-exceed \$40,000. The motion was seconded by Director DeGroot. Chairman Blair then called for discussion. Following discussion, the Board voted on the motion and it passed with Directors Blair, DeGroot, Hausman, Kinnear, Matthews, Richmond, Robb, Sutton, and Tough voting "yes" and Directors Campbell and Hunter voting "no". A copy of the Executive Summary is attached hereto as Exhibit "O".

Next, Chairman Blair asked Board members to consider and act upon a recommendation from the Public Facilities Administration Committee regarding the assumption of maintenance costs for certain lighted street signs in the Town Center. Steve Sumner was called on to present this item. Mr. Sumner provided the Board with background information and then asked Alex Sutton, a member of the Public Facilities Administration Committee, to give additional comments. Following comments, Director Hunter moved to approve the recommendation from the Public Facilities Administration Committee to assume maintenance costs for lighted street signs in the Town Center. The

motion was seconded by Secretary Sutton. The Chair called for discussion and then a vote was taken. The motion passed unanimously. A copy of the Executive Summary is attached hereto as Exhibit "P".

The Board was then asked to consider and act upon a recommendation from the Executive Committee regarding approval of a contract with CivicPlus to upgrade The Woodlands Township's Web site for 2010. Chairman Blair called on Nick Wolda, Vice President of Public Relations for The Woodlands Township, to present this item. Mr. Wolda used a brief PowerPoint presentation to provide background information on the subject. Following Mr. Wolda's presentation, the Chair called for discussion. Director Hunter then moved to approve the contract with CivicPlus for the upgrade of The Woodlands Township's Web site at a cost not-to-exceed \$45,000, utilize funds from the Transition line item, and authorize the President of the Township to execute contracts in connection therewith. The motion was seconded by Director DeGroot. Discussion followed and then a vote was taken. The motion passed unanimously. A copy of the Executive Summary is attached hereto as Exhibit "Q".

Next, the Board was asked to consider and act upon determination of refinancing and projects in regards to General Obligation Bonds (GO Bonds). Chairman Blair called on Don Norrell to present this item. Mr. Norrell provided the Board with background information on the Township's Debt Management Plan and GO Bond Authorization. Mike Page was also called on to review details of an Order Calling Special Bond and Tax Election. This item was for discussion purposes only in order to determine an agreed upon dollar amount for specific projects that will be put before voters on the November 3, 2009

ballot. No action was necessary. A copy of the Executive Summary is attached hereto as

Exhibit "R".

Chairman Blair then referred the Board to a Supplemental Agenda and asked

members to consider and act upon adoption of an Order Calling a Bond and Tax Election

for The Woodlands Township to be held November 3, 2009. Director Kinnear moved to

adopt the Order Calling Bond and Tax Election. Vice-Chairman Matthews seconded the

motion. As there was no discussion, the Chair called for a vote. The motion passed

unanimously. A copy of the Order Calling a Bond and Tax Election is attached hereto as

Exhibit "S".

Returning to items on the regular meeting agenda, the Board was next asked to

consider and act upon approving and authorizing execution of a Joint Election Agreement

with Montgomery County, Texas. Mike Page was called on to present this item. Mr. Page

referred the Board to the agreement in their packet and informed members that in order to

hold a bond election in November this agreement needed to be entered into with

Montgomery County. Director Hunter then moved to approve and authorize the President

of the Township to execute a Joint Election Agreement with Montgomery County, Texas.

The motion was seconded by Director Robb and passed unanimously. A copy of the

Executive Summary is attached hereto as Exhibit "T".

Chairman Blair then asked Board members to consider and act upon approving and

authorizing execution of an Election Services Agreement with Montgomery County, Texas.

Mike Page presented this item and informed the Board that this agreement would allow the

Township to utilize Montgomery County personnel and equipment for the November 3,

2009 Bond Election. Director Campbell moved to approve and authorize the President of the Township to execute an Election Services Agreement with Montgomery County, Texas. The motion was seconded by Director Kinnear and passed unanimously. A copy of the Executive Summary is attached hereto as Exhibit "U".

The Board was next asked to consider and act upon authorizing execution of an agreement with Diebold/Premier Election Systems for the rental of electronic voting systems. Mike Page provided background information on this item. Following Mr. Page's comments, Director Kinnear moved to approve and authorize the President of the Township to execute an agreement with Diebold/Premier Election Systems for the rental of electronic voting systems. Director Campbell seconded the motion. Chairman Blair then called for discussion and Mr. Page answered questions related to the item. A vote was then taken and the motion passed unanimously. A copy of the Executive Summary is attached hereto as Exhibit "V".

The Chair then asked the Board to consider and act upon authorizing submission to the United States Department of Justice of an election pre-clearance request. Mike Page presented this item and informed the Board that pre-clearance from the Justice Department was necessary because the bond election is considered a discretionary election. Also, a new polling location in Creekside Village, Creekside Forest Elementary School, had been selected and needed prior clearance. Following Mr. Page's comments, Director Hunter moved to authorize submission by the Township's President and attorneys to the United States Department of Justice of an election pre-clearance request. Treasurer Richmond seconded the motion. Mr. Page then answered questions from the Board. Next, the Chair

called for a vote and the motion passed unanimously. A copy of the Executive Summary is

attached hereto as Exhibit "W".

Next, the Board was asked to consider and act upon a request from the City of

Houston to concur with selected projects to be funded under the Regional Participation

Agreement between The Woodland Township and the City of Houston. Chairman Blair

asked the Board to postpone this item until additional information could be obtained from

the City of Houston. The Chair informed Board members that a special meeting might

need to be called. Director Hunter then moved to table the item and Director Campbell

seconded it. Following discussion, the Board voted unanimously to table this item. A

copy of a letter from the City of Houston is attached hereto as Exhibit "X".

Chairman Blair then announced that there was no need for Executive Session. The

Chair next called for Administrative Reports. Steve Sumner informed the Board that he

would continue to send updates on arrests. Discussion followed.

Board members were next asked to consider items to be placed on the agenda for

the next meeting. Director Campbell noted that there were several items that had been

tabled a few months earlier and he requested that they be placed on the agenda for

September or October.

Next, Chairman Blair asked for Board announcements. As there were none, the

Chair called for a motion to adjourn. Director Hunter moved to adjourn the meeting. The

motion was seconded by Secretary Sutton and passed unanimously. The meeting was

adjourned at 12:25 p.m.

Alex Sutton III

(SEAL)

Secretary, Board of Directors

## **EXHIBIT OMISSIONS\***

EXHIBIT "A" EXHIBIT "M"

EXHIBIT "B"	EXHIBIT "N"
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EXHIBIT "C" EXHIBIT "O"

EXHIBIT "D" EXHIBIT "P"

EXHIBIT "E" EXHIBIT "Q"

EXHIBIT "F" EXHIBIT "R"

EXHIBIT "G" EXHIBIT "S"

EXHIBIT "H" EXHIBIT "T"

EXHIBIT "I" EXHIBIT "U"

EXHIBIT "J" EXHIBIT "V"

EXHIBIT "K" EXHIBIT "W"

EXHIBIT "L" EXHIBIT "X"

<sup>\*</sup>To view Exhibits, please contact the Record Management Officer at 281-363-2447.